

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. 2001-283-C - ORDER NO. 2002-425

JUNE 18, 2002

IN RE: Application of Reduced Rate Long Distance, LLC for a Certificate of Public Convenience and Necessity to Provide Resold Intrastate Interexchange Telecommunications Services within the State of South Carolina.)))))))	ORDER GRANTING CERTIFICATE FOR LONG DISTANCE AUTHORITY AND GRANTING REQUEST TO WAIVE FORMAL HEARING
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Reduced Rate Long Distance, LLC requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services within the State of South Carolina. The Application was filed pursuant to S.C. Code Ann. Section 58-9-310 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina. Subsequent to the filing of the Application, Reduced Rate, by letter of May 14, 2002, from the Company's counsel, requested that the matter be scheduled for final disposition by the Commission at its weekly meeting on May 21, 2002, and the Company waived its right to a formal hearing in the matter. Expedited review of the Application was requested by Reduced Rate Long Distance, LLC.

Reduced Rate is a limited liability company organized under the laws of the State of Nevada on March 2, 2001, and authorized to transact business within the State of

South Carolina by the Secretary of State. The record reveals that the Company is in start-up mode and intends to obtain certifications necessary to provide long distance services on a nationwide basis. Reduced Rate's corporate headquarters are located in Lake Mary, Florida.

Reduced Rate does not intend to own, operate, control or manage any telecommunications transmission facilities within the State of South Carolina and does not intend to obtain or construct any such facilities or equipment. However, the Company did reserve the right to install its own facilities if and when business conditions warrant, and upon approval of the Commission. Additionally, the record reveals that Reduced Rate does not intend to have offices in South Carolina.

The Commission's Executive Director instructed Reduced Rate to publish a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to provide notice of the Application to any interested parties and to advise interested parties of the manner and time in which to file pleadings to participate in the docket. Reduced Rate filed Affidavits of Publication as proof that it had complied with the instructions of the Executive Director. No Petitions to Intervene, letters of protest, or comments were received by the Commission with regard to the instant Application

MOTION FOR EXPEDITED REVIEW

Subsequent to notice of the Application being published and after the return date expired with no intervention or opposition, Reduced Rate requested expedited review and waiver of a hearing in the matter. Reduced Rate also filed the verified testimony of David

Butler, Chief Executive Officer of Reduced Rate Long Distance, LLC, to support the Application. The matter was then brought to the Commission for consideration.

Upon consideration of Reduced Rate's request for expedited review (waiver of hearing), the Commission finds that expedited review should be granted. In its request, Reduced Rate waived its right to a formal hearing. The Commission finds that notice of the Application was properly afforded to the public and that no interested person sought to become a party to the proceeding. The Commission finds that procedural due process was afforded in this matter and further finds that Reduced Rate made a knowing waiver of a formal hearing. Therefore, the Commission will consider the Application in the context of its regularly scheduled weekly meeting, with court reporter present, and for purposes of the expedited review, the Commission will deem the examination of the Application and verified testimony during the course of the Commission's regularly scheduled meeting with court reporter present as a hearing on this matter

According to the Application and the verified testimony of David Butler, Reduced Rate has extensive managerial and technical expertise and the financial ability to provide the services in South Carolina for which it seeks certification. Mr. Butler said the Company is adequately funded for continuous operations, does not intend to provide payphone services, and will market its services by using independent agents and/or in-house sales representatives. He stated that WorldCom and/or Qwest would serve as the Company's underlying carriers in South Carolina. He further said the Company will purchase service at a discount from the underlying carriers and then resell the service under its own brand name to the public.

Upon review and consideration of the Application, the verified testimony of Mr. Olsen, and the applicable law, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Reduced Rate Long Distance, LLC is organized as a limited liability company under the laws of the State of Nevada and has been authorized by the Secretary of State to transact business within the State of South Carolina.

2. Reduced Rate is a provider of long distance services and wishes to provide long distance services in South Carolina.

3. Reduced Rate has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Reduced Rate to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Reduced Rate for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment

below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Reduced Rate shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. Reduced Rate shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, Reduced Rate shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, Reduced Rate shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976) with its final Tariff.

5. Reduced Rate is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. Reduced Rate shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Reduced Rate changes underlying carriers, it shall notify the Commission in writing.

8. Reduced Rate shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, Reduced Rate shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than October first of each year.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on

a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

Reduced Rate shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, Reduced Rate shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by order No. 93-462.

11. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each

telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

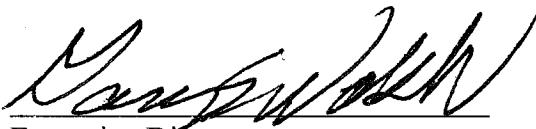
12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)